COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

> THE NOTICE OF PURCHASED GAS   )
> ADJUSTMENT FILING OF COLUMBIA   )   CASE NO. 90-063-K
> GAS OF KENTUCKY, INC.   )

O R D E R

On October 10, 1990, in Case No. 90-063, the Commission approved certain adjusted rates for Columbia Gas of Kentucky, Inc. ("Columbia") and provided for their further adjustment on a periodic basis in accordance with its gas cost adjustment ("GCA") clause.

On January 27, 1994, Columbia filed its GCA to be effective March 1, 1994. On February 17, 1994, Columbia filed its motion to deviate from its GCA clause with respect to the implementation of its refund adjustment and to the 12-month historical volumes to be used in calculating its rates. On February 24, 1994, the Commission suspended the proposed rates and requested additional information regarding gas cost calculation and a supplier refund. On March 4, 1994, Columbia supplied this information. An informal conference was held on March 25, 1994.

After reviewing the record and being otherwise sufficiently advised, the Commission finds that:

1. Columbia's notice proposed revised rates designed to pass on its expected wholesale increase in gas costs. Columbia's

proposed expected gas cost ("EGC") for the period beginning March 1, 1994 was $4.0613.

2. Columbia's notice set out a rate for Banking and Balancing Service of 2.13 cents per Mcf.

3. Columbia's notice set out no fixed charge recovery rate.

4. Columbia's notice set out its actual cost adjustment ("ACA") of (6.37) cents per Mcf which reflects a previous period ACA.

5. Columbia's notice set out a balancing adjustment of .91 cent per Mcf.

6. Columbia's notice contained no refund adjustment. According to Columbia's motion of February 17, 1994, it has $4.6 million in refunds from Columbia Gas Transmission ("Transmission") which by the terms of its GCA clause should be refunded to its customers effective March 1, 1994. Columbia has requested to hold these refunds, accruing interest at the 3-month commercial paper rate set forth in its tariff, until such time as Columbia begins to recover pipeline transition costs from Transmission. Columbia anticipated that Transmission would file with the Federal Energy Regulatory Commission ("FERC") in March seeking authority for recovery of these costs, which Columbia estimated would be close to the amount of refunds it had received. In order to avoid undue fluctuations in customer rates, Columbia requests to make the refunds concurrently with recovery of transition costs.

Because Columbia expects to be allocated transition costs within the quarter beginning March 1, 1994, it should be allowed to

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hold those refunds for the remainder of the quarter. In the event Transmission does not file its application with FERC during the quarter beginning March 1, 1994, Columbia should file to begin refunding to its customers effective with its June 1, 1994 interim GCA filing.

7. Columbia's notice set out a Special Agency Service refund adjustment of .06 cent per Mcf.

8. Columbia's motion of February 17, 1994 requested authority to use data from the 12 months ending November 30, 1993 rather than December 31, 1993 to avoid producing a gas cost rate that was unusually high and unrepresentative of normal operations. This request is reasonable and should be approved.

9. These adjustments produce a gas cost recovery rate of $4.0061, 1.69 cents per Mcf more than the prior rate.

10. The revised rate adjustments in the Appendix to this Order are fair, just, and reasonable, in the public interest, and should be approved for gas supplied on and after the date of this Order.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix to this Order are fair, just, and reasonable, and are effective for gas supplied on and after the date of this Order.

2. Columbia shall hold its Transmission refunds to be refunded, with interest, in its next GCA rates.

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3.   Within 30 days of the date of this Order, Columbia shall file with this Commission its revised tariffs setting out the rates authorized in this Order.

Done at Frankfort, Kentucky, this   7th day of April, 1994.

PUBLIC SERVICE COMMISSION

_____
Chairman

_____
Vice Chairman

_____
Commissioner

ATTEST:

_____
Executive Director

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 90-063-K DATED   April 7, 1994.

The following rates and charges are prescribed for the customers in the area served by Columbia Gas of Kentucky, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

CURRENTLY EFFECTIVE BILLING RATES

	Base Rate Charge $	Gas Cost Adjustment $ 1/	Total Billing Rate $
RATE SCHEDULE GS			
First 1 Mcf or less per Mo.			
Residential	7.45	4.0061	11.4561
Commercial or Industrial	16.34	4.0061	20.3461
Next 49 Mcf per Mo.	1.6872	4.0061	5.6933
Next 150 Mcf per Mo.	1.6378	4.0061	5.6439
Next 200 Mcf per Mo.	1.5886	4.0061	5.5947
Delivery Service			
Demand Charge			
Demand Charge times Firm Mcf Volume in Customer Service Agreement		10.0709	10.0709
Volumetric Rate	1.5886		1.5886
Banking & Balancing Service		.0213	.0213
RATE SCHEDULE FI			
Customer Charge	135.79		135.79
Customer Demand Charge			
Demand Charge times Firm Mcf Volume in Customer Service Agreement		10.0709	10.0709
Commodity Charge-All Volume	.5573	4.0061	4.5634
Delivery Service			
Volumetric Rate	.4861		.4861
Banking & Balancing Service		.0213	.0213

RATE SCHEDULE IS

Customer Charge	135.79		135.79
Commodity Charge	.5573	4.0061	4.5634
Delivery Service			
Volumetric Rate	.4861		.4861
Banking & Balancing Service		.0213	.0213

RATE SCHEDULE IUS

For all Volumes Delivered			
Each Month	.1735	4.0061	4.1796
Delivery Service			
Volumetric Rate	.1735	1.4093	1.5828
Banking & Balancing Service		.0213	.0213
Delivery Service - Mainline			
For All Volumes Delivered	.1000		.1000
Banking & Balancing Service		.0213	.0213

1/ The Gas Cost Recovery Rate, as shown, is an adjustment per Mcf determined in accordance with the Semi-Annual Gas Cost Adjustment Clause" as set forth on Sheets 80 through 82 of this tariff.